

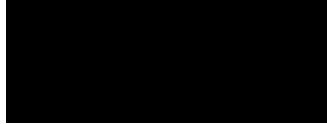
Exhibit 16

MEMORANDUM OF INTERVIEW

Date of Interview: February 15, 2008

Interviewed by: Jennifer Korb, Utah Division of Securities
Cameron Saxey, FBI

Person Interviewed: Patrick Poyfair



Subject: Founders Capital, LLC, Case No. 08-0005

NOTE: Interviewed at the Utah Division of Securities from approximately noon to 1:15 p.m.

Patrick Poyfair (Poyfair) contacted Michael Hines by telephone approximately one week ago because he is "tired of Koerber's shenanigans."

Poyfair met Rick Koerber (Koerber) in 2004. Poyfair's cousin, Mark Craner (Craner) is a managing partner at FranklinSquires.

In 2004, the partners in FranklinSquires were Koerber, Gabriel Joseph, Steve Freestone, Jason Vaughn, Mark Craner, Mike Ballard, Pete Hansen, and Sonny Jensen. Poyfair said at the time all of the partners were working for free and living off of credit cards.

Poyfair said in the beginning Koerber had a grand vision that there would be a FranklinSquires in each state across the nation.

Poyfair's Employment at FranklinSquires

In 2004, Poyfair had just graduated from college. Poyfair got a masters degree in journalism, and was working for the Deseret News. Poyfair said he was looking for a better paying job.

Craner asked Poyfair if he was interested in working for FranklinSquires. Poyfair applied for a job with FranklinSquires, but made it clear that he needed to receive a salary, and was not willing to work for free. Koerber hired Poyfair in approximately June 2004 to publish a newspaper for FranklinSquires called the Free Capitalist. Poyfair also worked in human resources for a while. Poyfair worked for FranklinSquires from approximately June 2004 to January 2006.

Poyfair was paid a salary of \$4,000 per month. Koerber asked Poyfair to prepare an expense report every two weeks, and provide it to Koerber. Koerber would then interview Poyfair about his work and say things like "did you earn this money?" Koerber kept track of what Poyfair did

by viewing these expense reports. Poyfair said for the first four of five months of his employment with Founders his income was not taxed. After the four or five months taxes came out. Poyfair said he did receive W-2s from Founders

About the time Koerber blew-up at Poyfair regarding the I-9s, Koerber told Poyfair he wanted him to work on the newspaper for FranklinSquires. This happened within the first four or five months of working for Koerber.

Poyfair said he had an ongoing battle with Koerber over the newspaper because Poyfair would get it ready and give it to Koerber for review, and then Koerber wouldn't get back to Poyfair in time to meet the deadline for publication.

Koerber never wrote an article for the newspaper but some of the other partners did. Jason Vaughn wrote some articles, and Poyfair wrote a few. Poyfair said he contacted authors who had published relevant articles in other publications, to get permission to re-print the articles in the FranklinSquires newspaper.

Approximately two days before Christmas 2004, Koerber blew-up at Poyfair about the special Christmas edition of the newspaper. Koerber didn't talk to Poyfair for two weeks. When Koerber did talk to Poyfair again, Koerber told him he didn't want Poyfair working on the newspaper anymore.

Koerber's Attorneys

Poyfair said in the early days (2004), Koerber used pre-paid legal services. Poyfair said in late summer 2005 Russell Skousen became in-house counsel for Founders. Skousen has an office in the Founders / FranklinSquires building. Poyfair did say that Koerber brought Skousen in full-time only in the last few months.

When Poyfair left Founders, Skousen was very intent on having him sign a non-disclosure agreement. Poyfair did sign the agreement.

Poyfair's Descriptions of Koerber

Poyfair called Koerber a "devious man."

Poyfair said that Koerber would get really into an idea and chase it for a bit, and if something went wrong, he would just abandon it.

Poyfair said Koerber is a micro-manager.

HR Work

Koerber wanted Poyfair to hire a "call-floor" to advertise FranklinSquires' training program - the seminars. Koerber first held the seminars in the FranklinSquires' building, but he stopped that shortly after starting. Then Koerber had the other partners teaching classes, but he stopped that shortly after as well. Then Koerber made Poyfair the Dean of Student Services. As the Dean, Poyfair said he would follow up with people who purchased the training packages to see if they were satisfied with what they purchased. Poyfair said the majority of them were not satisfied. Those who purchased the package attended seminars in person, and some could view the training on the internet. Customers were given a money back guarantee if they were not satisfied with the package. Poyfair said very few people got their money back. Only those who really complained about it got a refund. Poyfair estimated that of the 500 - 800 dissatisfied people he spoke to, only two or three got their money back. Poyfair would go into Koerber's office to let him know that they had dissatisfied customers and to ask what action to take. Koerber was very rude and would say something like "I don't have time for you right now." Poyfair did not have the ability to provide the customers with a refund.

Taxes

Poyfair said as he hired new employees he made sure to file the I-9 Forms (Employment Eligibility Verification) and the W-9 Form (Request for Taxpayer Identification Number and Certification). On at least one occasion Koerber got very angry with Poyfair for completing the IRS forms. Koerber told Poyfair he "didn't get permission." Poyfair said he told Koerber that an audit would reveal the fact that they were not completing the appropriate accounting forms. Poyfair said he continued to complete the required forms despite the fact that Koerber got upset with him. Koerber never told Poyfair not to send in the I-9s, but he made it clear that he was upset that Poyfair would do so without Koerber's knowledge.

Payroll

Poyfair said payroll was first done by Michelle Koerber, Rick Koerber's wife. Then payroll was done by Forrest Allen, who was part of the accounting department. Then Poyfair hired Rachelle Taylor, and she started doing the payroll. Poyfair said Founders / FranklinSquires paid Rachelle approximately \$2,000 per month. Eventually Founders / FranklinSquires hired a large payroll firm called ADP.

Kiel Taylor

Poyfair said he hired Kiel Taylor to work on the telemarketing floor. Poyfair said Kiel and the other telemarketers were paid minimum wage, plus an extra "spif" for selling the education seminars. With respect to the "spif," Poyfair said he and Koerber would go to Chase Bank and withdraw three to five thousand dollars, mostly in ones, with a few larger denominations mixed in, and place them all in a pillow case. If an employee signed up a certain number of people for

the FranklinSquire seminars, they would win the opportunity to pull money out of the pillow case. Poyfair said an employee would typically pull out a hand full of one dollar bills. Poyfair said this money was never taxed. Poyfair said once or twice he kept track of how much each person pulled out of the pillow case. Poyfair said he never told Koerber that they needed to tax this money.

Preferred Buyer Deal

This was a seminar taught at the Founders Capital building for a while. Taught people how to use their credit score to make money through the purchase of real estate. Poyfair said people were told to purchase a home using their good credit, then Founders would pay them 2.5 to 3% of the appraised value of the home as a "finders fee." People were then instructed to lease the home to Founders, and at the end of 5 years, Founders would buy them out.

Poyfair participated in such an investment. Poyfair said he was told by [a FranklinSquire partner - not sure if Poyfair said who told him] that there was a person who wanted to purchase a certain home, but could not qualify for a loan to make the purchase. Poyfair was asked if he would purchase the home, and lease it to FranklinSquires. Poyfair first met with someone at either Innovator Mortgage or Alpine Mortgage company. Poyfair said it was a mortgage company controlled by Founders. Poyfair was told that he would purchase the home, FranklinSquires would pay him 3% of the appraised value of the home up-front, plus monthly payments to pay the mortgage (plus \$25 buffer), plus FranklinSquires would buy-out the property from Poyfair at the end of the lease. This agreement included FranklinSquires paying the property taxes. It also included that FranklinSquires would manage the property. Poyfair may have mentioned that Founders has an in-house escrow and title company located in its building at 85 Eastbay.

Poyfair said he had two meetings with a mortgage broker. Poyfair could not remember the name of the broker he first met with, but said his first name was Roger. At the signing meeting, Poyfair said he was provided the documents, without ever having a chance to review them, and asked to sign. Poyfair said he personally did not fill out a single document. Poyfair said he trusted that the information contained in the documents was accurate. Poyfair said he believes his stated income was inflated. Poyfair said he questioned this and was told that it was OK, and "don't worry about it." Poyfair was told he would receive his payments and that he should "trust Rick." Poyfair said he was concerned about the consequences of crossing Koerber.

The closing took place at a title company on State Street in Orem, Utah. Poyfair said there was a mortgage broker present and a loan officer. Poyfair was informed for the first time at closing that he had to bring \$10,000 to the closing. Poyfair wanted to back out when he found this out. The loan officer or mortgage broker told Poyfair that Koerber would be mad if he didn't sign. The mortgage broker, Roger, told Poyfair that he would make him a personal loan of \$10,000 right then and there in order to complete the closing, but that Poyfair had to pay him back. Poyfair borrowed the \$10,000 from Roger and completed the closing. Poyfair said he eventually paid Roger back.

Poyfair said he participated in the preferred buyer deal twice, purchasing two properties.

1st Property: Poyfair never saw the property but said it is located in Spanish Fork. Poyfair said he was promised a return of \$8,000 when all was said and done. Poyfair was told FranklinSquires would manage the property, and give Poyfair money to pay the mortgage. Poyfair said he came away with approximately 7% less than he was promised. Poyfair said the deal with this property was complicated because the person for whom he was purchasing the home was already living in it. The home had gone through foreclosure and FranklinSquires purchased it from the foreclosing bank. FranklinSquires then sold it to Poyfair, and Poyfair leased it back to FranklinSquires. Poyfair said he is still on the title to this home and there is someone living in it who is paying rent to FranklinSquires. Poyfair said he is currently being hounded by the mortgage company to make payments, but that the home is scheduled for foreclosure in one month. Poyfair said he knows the people living in the home and is trying to work around FranklinSquires and get them to pay rent to Poyfair. Poyfair said he thinks he is upside down on the mortgage.

2nd Property: Located on the bench in Lindon, Utah. Poyfair was told he would make \$10,000 more than what he made on the Spanish Fork property. It was at this closing that Poyfair was told he needed to pay \$10,000. Poyfair was told to lease the property to FranklinSquires, FranklinSquires would pay him the mortgage payments, and at the end of five years FranklinSquires would purchase the property. Poyfair said no one ever lived in this home. It sat empty. Poyfair later discovered that the home had major structural flaws that were not disclosed to him at closing. Poyfair got access to the home at one point because he was considering moving into it. Poyfair got the keys to the home from the real estate department at FranklinSquires. Poyfair said he never understood the risk of these investments. Poyfair said he is currently trying to get Koerber to release the deed back to Poyfair. Poyfair said Koerber will not return his calls.

When asked why Koerber never purchased property himself to lease to FranklinSquires, Poyfair said that Koerber told him he had no credit.

Poyfair said his brother and sister also invested.

Why Poyfair left FranklinSquires

Poyfair said he never personally saw the books, but he knew it was a scam. In approximately April 2005, one of the Vice Presidents of FranklinSquires, John Lowry, confided in Poyfair and said that FranklinSquires was a ponzi scheme. Lowry told Poyfair that he had seen the books and that FranklinSquires was not renting the homes to anyone. That is when Poyfair got out. That is also when Lowry left FranklinSquires and started his own company called Visions Investment Group. Poyfair said Lowry wanted to do the same thing that FranklinSquires was doing, but legally. Lowry asked Poyfair to come and work for him, which he did. Lowry and Poyfair had a falling out due to personality conflict, and Poyfair left Visions Investment Group.

Poyfair said he asked Lowry why FranklinSquires wasn't renting out the homes. Lowry responded that he didn't know why. Poyfair recalls Koerber saying one time, "I don't need renters."

Poyfair said he and Lowry discussed criminal exposure.

Poyfair said Lowry actually told one individual that he would not recommend investing with FranklinSquires. This got back to Koerber, and Koerber got very angry with Lowry.

Lowry's father-in-law is Albert Schules, a general authority in the Church of LDS. Schules invested money in FranklinSquires for 8 months and received a return of 5% per month. Poyfair said there were other general authorities who invested, such as Hartman Rector Jr. Koerber would boast to other investors that some of his investors were members of the general authorities. Lowry recommended to Schules that he pull his money out. This also made Koerber angry. Hartman Rector Jr. also pulled his money out.

Poyfair said Lowry is the only officer or director of FranklinSquires who he heard complain.

Poyfair said at his seminars Koerber would educate people on how to find distressed property. Koerber had a base of people who would basically be looking for distressed property for him. Koerber told his students, if you have money, invest it with FranklinSquires, and we will purchase the distressed property and make money off of it. If you don't have money to invest, here is how you can use your credit score to purchase property, strip the equity from the property, and invest the money with FranklinSquires.

Gephardt Incident

Poyfair said Richard Gephardt from "Get Gephardt" on KUTV news contacted him once to inquire about property owned by FranklinSquires that we left unoccupied and unkempt. Gephardt said the neighbors were upset because they had to mow the lawn to make the home look like less of an eyesore. Koerber immediately had Poyfair go out to the home and clean it up, mow the lawn, and go around the neighborhood and apologize. Koerber actually appeared on the show with Gephardt. From that time on, Koerber insisted that the homes be taken care of, at least on the outside.

Clavelle Anderson

Poyfair said Anderson was in charge of renting out the houses. Poyfair said Anderson is a good guy with integrity, but he was handcuffed by Koerber, like the rest of them.

Gold

Poyfair said Koerber had lots of placer gold in his office that he would show off. Poyfair said

when he left, Koerber was big into coins.

Where did money go?

Poyfair said to him it appeared that the money went to fund Koerber's extravagant lifestyle. Poyfair mentioned Koerber's teeth, which have all been capped, as one example. Poyfair mentioned Koerber's Jaguar, that Koerber would give away cars, Koerber purchased extravagant desks and furnishings, and Koerber adopted two kids. Poyfair said Koerber spent money like he had never seen anyone spend money. Poyfair said he did not recall Koerber giving money to any charities. Poyfair said Koerber did not like charities.

Prophet

Poyfair said Koerber always used the LDS Church's teachings in his seminars. Poyfair said Koerber often compared himself to Joseph Smith. One time Koerber told Poyfair to act more like Brigham Young acted to Joseph Smith - i.e. obedient.

Glenn Kimber and Cleon Skousen told Koerber that Koerber was the fulfillment of the White Horse Prophecy. Poyfair said Koerber thinks that FranklinSquires is the fulfillment of the White Horse Prophecy.

Poyfair said Glenn Kimber and Cleon Skousen would hold weekly meetings in Skousen's basement with all the owners of Founders Capital / FranklinSquires. These were all the "big players" according to Poyfair. Poyfair said their meetings revolved around saving the Constitution. Kimber and Skousen would give Koerber credit for the work he was doing.